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This statement by the American Council on Education reviews the educational achievements of the past decade and explores ways by which existing and future federal programs can promote greater financial stability in a critical national endeavor. Major goals of the present systems of federal support for higher education include greater educational opportunities for increasing numbers of students and the output of more highly trained manpower at graduate and professional levels. It supports high quality in education, basic research, both in its own right and in the hope that applications of new knowledge may help to solve some of the country's problems, and the mobilization and use of institutions' intellectual resources in a host of service functions. Yet the fiscal problems faced by colleges and universities in 1968 were graver than they were in 1958. The Council suggests the elimination of cost-sharing and matching requirements in future government-university relationships, and points out the need for long-range planning, careful budgeting and sustained federal commitment for university programs that are federally supported. The Council also recommends adequate federal funding of existing programs, expansion of student aid and facilities construction programs, and provision of support for general institutional purposes. Copies of the pamphlet are available without charge from the Publications Division, American Council on Education, 1785 Massachusetts Avenue, N.W., D.C. 20036. (WM)

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FEDERAL PROGRAMS FOR HIGHER EDUCATION

NEEDED NEXT STEPS

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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AMERICAN COUNCIL ON EDUCATION • 1969

American Council on Education

Logan Wilson, *President*

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Federal Programs For Higher Education

The 1958–68 decade, spanning six Congresses and three Administrations, was one of increasing and, on the whole, constructive Federal investment in higher education. As a new Congress convenes and a new Administration takes office, the American Council on Education believes it timely to review what has been achieved and to explore ways by which existing and future Federal programs can promote greater financial stability in a critical national endeavor. For despite, and in many ways because of, the Federal investment, the fiscal problems faced by our colleges and universities are far graver today than they were at the beginning of the decade.

It has been said that Federal legislation and programs affecting higher education have been developed with no master plan, no design, no long-range strategy in view. This is partially true. Nevertheless, it is possible to discern a pattern. It is a pattern of the goals the American people have for these institutions and, because our colleges and universities have, historically, been responsive to the demands of the public, it is a pattern of the goals the institutions hold for themselves.

THE PATTERN OF FEDERAL PROGRAMS

Without cataloguing the entire inventory of Federal programs, it is possible to identify the following major goals that are implicit in the present system of support:

1. To provide greater access to higher education for an ever larger *number* and larger *percentage* of our young people,
   a) through student aid programs, with special emphasis on disadvantaged students;
   b) through assistance in the construction of new plant.
2. To increase, at the graduate and professional level, particularly in scientific and health-related fields, the output of highly educated and trained manpower, and to increase the supply of teachers in all disciplines and for all levels of higher education.
3. To support basic research, both in its own right and in the hope

that applications of new knowledge may help solve some of the nation's increasingly complex physical and social problems.

4. To support high quality in education where it now exists and to encourage it in other institutions.
5. To foster the mobilization and use of the institutions' intellectual resources in a host of service functions, ranging from adult and continuing education programs at home to technical assistance programs overseas.

WEAKNESSES IN THE PATTERN, AND SOME SUGGESTIONS

On the whole the programs that fall within this pattern, whether effected through direct legislation or through broad administrative authority, have enabled institutions to move forward more rapidly than could have been predicted in 1958, and we applaud them. Nevertheless, certain weaknesses, relatively unimportant when the programs were small, are now bringing problems of alarming proportions to the entire system of higher education. Among these weaknesses are the following:

First, there is a tendency on the part of the Government to treat higher education almost as a partner in the financing of new and expanded programs—a "you chip in some of your own resources; we'll chip in some of ours" approach. As a nonprofit enterprise, the college or university has no uncommitted resources. Its income from state and local government, from private philanthropy, and from student fees is utilized entirely to support its total program. To the extent that income must be diverted from general purposes to help pay the cost of federally supported programs, however worthy and socially desirable those programs may be, to that extent a deficit is created in programs which are not federally supported. It is improbable in this country that there will ever be an overt or direct attempt at Federal control of higher education. But it is not at all inconceivable that such control could come indirectly and inadvertently if Federal programs continue to divert an ever larger portion of institutional support away from activities that do not receive Federal support.

Therefore, we recommend as a cardinal principle in future Government-university relationships that, except in special circumstances, cost-sharing and matching requirements be eliminated. Maintenance-of-effort requirements, common to many existing programs, are ob-

viously in the interest of both the public and the institutions. They help assure a steady flow of non-Federal funds, continuity in the diversity of institutional support, and, in contrast to compulsory cost-sharing, an increase in the fiscal strength of those institutions. But the principal contribution by an institution to federally sponsored programs should be its expertise—its ability to get the job done.

Second, in 1967 the Council pointed out the need for a *sustained* commitment by the Government to the financing of federally supported programs. In *The Federal Investment in Higher Education* we stated, "If higher education is to plan efficiently and accomplish its tasks, it must count on a steady flow of support. The fitful turning on and off of a faucet is not a method of economy; it is a guarantee of waste, both in dollars and in human resources." To mount and sustain the nation's research effort; to build greater capacity for the education at advanced levels of increasing numbers of scholars in all fields; to seek out and provide opportunity for promising but economically deprived young people; to carry out the many functions that the country, through its Government, expects of higher education—these endeavors require long-range planning, careful budgeting, and a prior and *committed* investment on the part of our institutions.

The most obvious weakness in the Government-university relationship is that to date there has been no way that institutions could be sure that apparent commitments made in one year would be honored by the Government in a succeeding year. There sometimes appears to be no connection between authorizing legislation, passed by large majorities in both Houses, and subsequent appropriations. Indeed, sometimes appropriations bills make substantive changes in the authorizing legislation itself. We do not suggest that every program, once begun, must be continued regardless of merit.

We suggest that the launching of a program at a given level of support should signify the Government's intent to continue at that level of support unless the program fails in its purpose or the need for it has been fulfilled. If there is no way for institutions to expect sustained support for programs of concern to the Government, there is no way for them to build a permanent capacity to fulfill the nation's needs or to meet new demands except on a tentative basis, with temporary staff, short-term planning, and hedges on commitments.

A few illustrations of the problem should suffice:

Illustration: In 1962, in recognition of the need for increased numbers of scientists and engineers, both to man the space effort and to replace high-level personnel drawn into it from other scientific activities, NASA announced a traineeship program expected eventually to produce 1,000 Ph.D.'s per year. As institutions geared up to meet the demands of this new program, the number of traineeships was increased from an input of 100 new trainees the first year to an input of 1,300 in 1966. By 1968, the new input had been reduced to 75, leaving institutions with heavy commitments, greatly expanded capacity to produce, and limited, if any, resources to support those who sought this kind of education.

Illustration: In 1958 the Congress identified one of the nation's critical needs to be vastly expanded numbers of college teachers at the Ph.D. level. The legislation envisioned a gradual growth of the program as newly involved and newly expanded institutions increased their capacity to meet this need. In 1966, the input of new fellows into the NDEA Title IV program reached 6,000. In 1968, it had dropped to fewer than 3,000.

If the Government had suggested that these were temporary programs, to be phased out as a short-term need was met, institutions could have planned accordingly. But the need was not short-term; it has not been met; institutions did not make only temporary commitments. On the contrary, they believed it was in the interest of the nation, the Government, and themselves to build this greater capacity and to establish a carefully planned and tightly budgeted program. The sharp reductions have brought in their wake both severe financial hardship and uncertainty about responding to new national demands.

Illustration: If there is any proposition about higher education that appears to have won almost universal support, it is that no student who can benefit from advanced study should be denied opportunity simply because of financial circumstances. The most important program designed to bring this proposition from theory to reality is the Educational Opportunity Grants program, designed for and limited to our neediest young people. The legislation wisely requires institutions to seek out these young people well before high school graduation and, as a motivating force, to make commitments

that grants will be available to them when they are ready for college. Such commitments have been made. Yet as the new Congress convenes, it appears that the program, which assisted 140,000 entering students in 1968, will be able to assist only 25,000 such students in 1969. A cut-back of this magnitude at a time when there are ever larger numbers of eligible young people, whose aspiration and expectations have been deliberately stimulated, makes all their efforts seem futile and the institutions' promises hollow.

The Council is well aware of the budgetary problems facing the country and the many legitimate competing demands on limited resources. We are aware, too, that the appropriation process must be an annual one. Nevertheless, we believe ways must be found to fund basic programs in an orderly, regular, and steady fashion. When the veteran is discharged from the service, he knows that his GI benefits will be available to him. It will not matter in which year he happens to win his discharge, for the Congress clearly intends to fund the program to the extent necessary. We believe a similar expression of Congressional intent is needed in other programs designed to provide educational opportunity to our promising and needy young people.

THE ACADEMIC YEAR AND THE APPROPRIATIONS PROCESS

Problems created by the fluctuations in program support described above are compounded by the fact that recent appropriation timetables and the institution's academic year do not coincide. Institutions must make commitments to students, to faculty, to research personnel in the spring. Funds to meet these commitments are not appropriated until many months later; indeed, with increasing frequency they are not appropriated until the academic year is already under way. Encouraging first steps have been taken recently for the forward financing of a number of educational programs. We strongly recommend that the Congress expand these efforts and consider the possibility that funds for many programs for the support of education might be appropriated a year prior to the expected expenditure of the funds.

STUDENT AID

The Council continues to believe that the current program of Federal assistance to students, along with programs that assist institutions to

keep their charges down, represents a sound method of assuring young people of an opportunity for higher education. The combination of opportunity grants, payments for work-study, and national defense loans—all awarded on the basis of demonstrated need—have opened college doors for many who could not otherwise have hoped to enter. If there are many thousands of young people who still fail to go on, it is not so much that the mechanism is at fault as that funds have been inadequate. In the Guaranteed Loan Program, there is, we believe, a satisfactory mechanism for providing assistance to those students and parents who, although not needy in the technical sense of the word, cannot meet the heavy expense of college in the years of actual attendance.

Educational Opportunity Grants

The Educational Opportunity Grants Program must be considered to be at the center of efforts to make higher education available to our most impoverished young people. Without this basic grant, the size of debt such students would have to undertake and the amount of work they would have to perform to meet their college expenses would deter, if not prohibit, their going to college. We believe, for the present at least, that it is appropriate to limit the grant to something less than the student's total demonstrated need, with the expectation that the remainder will be met through work, through loans, and through the award of other non-Federal scholarships. The size of the annual Federal appropriation should be based on institutions' requests for funds, subject—as they now are—to review by regional panels having access to the records of institutional performance in prior years.

Work-Study

The Work-Study Program should continue to be regarded primarily as a device for student assistance. As colleges and universities gain experience, however, they can, in many cases, provide work that is both educational and productive. For this reason we believe that the current requirement of 20 percent funding from non-Federal resources is in general appropriate. As the required minimum wage rises, however, an increasing number of institutions find it impossible to meet this matching requirement. If they are to do so, they must reduce

the number of jobs available to their students. We strongly endorse the concept that the Commissioner of Education, when he finds undue hardship on given campuses, may reduce or eliminate the non-Federal share.

NDEA Loans

The National Defense Student Loan Program continues to be the strongest element in the ability of most institutions to meet the financial requirements of their applicants. Used as it can be in combination with other Federal funds; with state, private, and institutional scholarship funds; with student earnings; and with parental contributions, it provides the flexibility necessary to devise a "package of assistance" to meet individual circumstances. As in the case of opportunity grants, we urge that annual appropriations for this program be based on institutional requests after they have been subjected to the review process described above.

We continue to recommend that the so-called forgiveness feature of the program be eliminated. It has not been demonstrated that forgiveness of loans generally stimulates the recruitment of young people into particular careers. Nor has it been demonstrated that it is any more difficult for borrowers in certain careers to repay their loans than for those in other careers paying roughly comparable salaries. We believe Federal funds expended under the forgiveness provisions of the NDEA loan program might better be used for additional opportunity grants, with the determination that no student will have to start his career under a heavy burden of debt.

We further recommend that the Commissioner of Education be authorized to waive institutional matching of 10 percent for new Federal capital contributions when he finds institutions unable to meet the requirement. There are already $140 million in institutional funds locked into the NDEA loan program. This sum, built up over the years along with the annual Federal appropriations, has established a revolving fund of nearly $1.5 billion, which it is to be hoped will be a permanent base for future operations. Nevertheless, many institutions cannot be expected to continue to set aside annually an amount equal to 10 percent of new Federal appropriations. They have in the past met the matching requirement in a variety of ways. In most instances, however, the funds invested in the student

loan program would otherwise have been available for general investment purposes, with the income used to support other institutional programs. The chief argument for requiring institutional matching in the NDEA loan program has been that it tends to assure careful stewardship of funds and proper collection procedures. If a safeguard of this kind is considered to be necessary, when matching is waived, a precautionary stipulation could be written into the act that would require institutions to share 10 percent of all losses incurred by the program through bad debts.

Upward Bound

All of the student aid programs described above are directed toward students who are prepared by their secondary schooling to enter higher education. It is clear, however, that many students in both urban and rural areas have such poor secondary school preparation that merely providing financial aid does not give them the opportunity for higher education. For such students the so-called Upward Bound program has provided an invaluable adjunct to traditional forms of student assistance. Under this program it is possible to identify promising young people in the middle years of high school and provide them with the necessary remedial work. Through it, colleges and universities seek to offset deficiencies and neglect throughout the whole educational system and assist them in gaining admission to an appropriate college. This effort is abnormally expensive in terms of both dollars and manpower. Requiring institutions of higher education to share 20 percent of the total cost seems inequitable. We urge that the Government give careful consideration to the elimination of this matching requirement and that, pending such consideration, the Commissioner be authorized to waive or reduce the matching share where he finds that certain institutions cannot provide the necessary funds.

We further recommend that the newly enacted program, which will provide institutions with funds to offer special services to the disadvantaged, once they are enrolled in college, receive adequate appropriations. Little is accomplished in bringing more students into the stream of higher education if they are then allowed to drown.

ASSISTANCE TO MIDDLE-INCOME STUDENTS

We believe that the so-called Guaranteed Loan Program, with an interest subsidy during actual years of attendance, provides flexible assistance to all students and appropriate assistance for students not eligible for other kinds of student aid. The other approach most frequently advocated, that of providing relief through the granting of tax credits, seems to us to have little merit. Revenue denied to the Treasury is as real an expense as direct appropriations. Moreover, there could be no assurance that the funds released through tax credits would go where they are really needed. Even the most modest estimate of the expense of a tax credit program places the figure at a level far in excess of current funds appropriated for *all* programs of student assistance. Higher education desperately needs additional financial support in a host of existing and future programs. We believe that carefully designed legislation, direct appropriations, and subsequent Congressional and administrative audit and review are essential elements in good public policy for the support of education. None of these elements appears to be present in tax-credit proposals.

Another proposal which for a decade has received occasional serious attention is the establishment of a loan program with, not fixed, but contingent repayments based on future earnings. While this proposal warrants continued study, we are far from solving a number of the problems critics of the proposal have identified. The Council plans to join other associations in such study. In the absence of better analysis than is yet available, however, we continue to believe that loans with fixed repayments offer the soundest basis for providing assistance to students.

FACILITIES CONSTRUCTION

Construction of adequate facilities is almost as important in providing access to higher education as are the student aid programs discussed above. Increasing numbers of institutions are having to raise admission standards or admit on a first-come-first-serve basis, in some instances because of lack of housing and in others because of lack of classroom, laboratory, and library space. Current estimates of the deficiency of space place this figure at approximately 20 percent of existing plant, and at the moment the gap is growing wider,

rather than smaller, as construction lags behind the growth in demand for enrollment.

The College Housing Loan Program and the program enacted under the Higher Education Facilities Act of 1963 are two important vehicles through which facilities needs can be met. The American Council on Education estimates that the facilities gap can be closed by the mid-1970s by an annual construction expenditure of approximately $2.5 billion for academic buildings and $1.25 billion for college housing annually. After that date, enrollment increases should begin to level off, and it is not inconceivable, *provided the gap is filled,* that non-Federal sources can fund much of the needed expansion from that point on.

To meet this demand, we urge that the Federal Government immediately develop a program planned to fill the facilities gap by 1975. As guidelines we suggest the following:

1. Three-quarters of the need for housing should be met by long-term (40-year) loans. These loans should be made at the current 3 percent interest rate, even though, at present, this requires Federal subsidy. Allowing the interest rate to rise to current market levels, or to fluctuate with the market, would simply result in increased charges to students and, in turn, the need for ever more massive student aid programs.

We applaud the new legislation that permits payment of interest subsidies to institutions that are able to borrow at reasonable rates in the private market. The availability of such subsidies will open up sources of additional capital funds without the heavy impact that the direct loan program has on the Federal budget. We would emphasize, however, as we did in our original support for this new approach, that the soundness of the interest subsidy concept is totally dependent on a ready availability of direct Federal loans to institutions that would have to pay unduly high rates, or indeed could not borrow at all, in the private market.

We recommend that the combination of interest subsidy payments and direct loans be sufficient to release $1 billion in loans annually for the construction of college housing. The *mix* of the two programs should be determined by the officials of the Department of Housing and Urban Development, their judgment to be guided by the fluc-

tuations of interest rates demanded in the private market and the impact, both short and long term, on the Treasury as a result of these alternate funding methods.

2. The need for academic facilities is at least as acute as the need for housing. Here, long-term loans are not an adequate base on which to build. Housing loans can be amortized, provided interest rates are reasonable, by room rents. The cost of academic facilities, if added to the cost of instruction and passed along to students, would raise astronomically the charges that would have to be levied against students. For this reason the *grants* portion of the Academic Facilities Program assumes crucial importance. It is probably the program most essential to institutions if they are to keep their future charges to students within reasonable proportions.

We recommend that $1 billion in grants be made available for academic construction annually until the shortage of such facilities is met in the mid-1970s. We recommend further that the permissible maximum Federal share for an individual grant be increased from 50 percent to 75 percent. Many institutions fulfilling an essential national purpose cannot reasonably be expected to meet the 50 percent matching requirement.

Our assessment of need for funding loans for academic facilities construction (Title III of the Higher Education Facilities Act) suggests an annual need of $500 million. For some few institutions an immediate loan will better meet need than will an eventual grant. For others, loans will make possible immediate construction by serving as a supplement to funds at hand. For still others, loans can serve as the third essential ingredient in the package of Federal grant and institutional funds at hand. For the reasons already stated in the discussion of college housing, we urge that these loans continue to be made at a 3 percent rate and that there be a proper mix of direct loans and interest subsidy payments that will assure a steady flow of funds and at the same time protect the interests of the Treasury.

3. We reiterate a statement the Council made two years ago. The principal thrust of the facilities program should continue to be a determination to meet the demands of increased enrollment—at the junior college, college, and postgraduate level. Nevertheless, it is clear that many institutions are unable to expand and yet, given adequate and up-to-date facilities, could far more adequately meet

the needs of their students. At a cost of relatively small sums, existing facilities could be renovated and modernized in such institutions, thus enabling them to compete for students and carry their share of expanding enrollments. We recommend that, without altering the essential stress of the Higher Education Facilities Act on expansion, increased emphasis be given the importance of upgrading and modernizing existing facilities.

RESEARCH AND GRADUATE EDUCATION

As we noted earlier, budgetary restrictions during the past two years have severely affected both basic research and the education of graduate students. Probably no other investment of public funds in the higher education enterprise has been more fruitful in expanding the frontiers of knowledge, particularly in the physical and life sciences, and in providing educational opportunities and a means of support for thousands of graduate students. Research and teaching are mutually dependent elements at the graduate level, and a decline in the support of one inevitably reduces both the quantity and quality of the other.

The Council urges that future Federal budgets reflect a determination to resume a steady annual increment in the support of basic research and that, in particular, there be a greater investment in the social sciences, the humanities, and the arts. We continue to endorse strongly the so-called project system as a vital mechanism for providing research support. We believe, nevertheless, that the National Science Foundation and the National Institutes of Health have demonstrated, through their programs of grants to institutions, the value of investing a portion of the Federal research budget in more general research support. It is through this mechanism that new, often inexpensive, experimental ideas can be explored and tested and that promising young researchers, not yet well known to their peers, can be given their start. We recommend that approximately 5 percent of Federal funds supporting academic research be earmarked for such grants.

We recommend further that the Government resume its program of providing regular annual increases in the number of fellowships and traineeships, which enable postbaccalaureate students to devote essentially full time to their studies. Stipends should be sufficient to

enable recipients to meet their basic living costs. We applaud and urge continuation of current Federal policy that allows, and even encourages, fellowship recipients to teach. However, if supplementary amounts are paid for part-time teaching, there should be strict limitation on the amounts so paid, and there should probably be none paid in the first year of graduate study.

The cost of providing instruction at the graduate level is many times that at the undergraduate level. One method by which the Government has assisted in underwriting such costs has been through the payment of a cost-of-education allowance to accompany each fellowship and traineeship. The size of the typical payment has, however, remained basically unchanged since 1958, despite rapidly rising costs. The Council endorses the concept embodied in this method and urges that there be an immediate adjustment upward in the size of the payments, with periodic future review, so that the payments may become one basic way by which graduate education is supported.

Beyond this, however, we strongly endorse and urge funding for the Improvement of Graduate Programs (Title X of the Higher Education Act of 1965). Through this title we believe there is opportunity to strengthen graduate education, and indeed professional education in such areas as the law, across the entire breadth of our land. It is still another facet in the long list of Federal programs designed to develop new centers for advanced study in all geographical regions, not at the expense of, but in addition to existing centers of excellence.

INTERNATIONAL PROGRAMS

Three areas of international education legislation are of particular concern to the Council: (1) the Mutual Educational and Cultural Exchange Act programs of the Department of State, (2) the technical cooperation programs of AID under the Mutual Security legislation, and (3) the International Education Act of 1966.

We are deeply concerned about the successive appropriations reductions voted for the first two of these programs during the past several years and also the failure to appropriate funds for the third. As we review the implications of the drastic funding cuts of the Ninetieth Congress, particularly in the Department of State's educa-

tional and cultural exchange appropriations, we believe that the national interest has been seriously damaged.

The Fulbright student and scholar programs, for example, have been particularly hard-hit. Indeed, they have been eliminated in the United Kingdom, Norway, Korea, and Singapore, and virtually eliminated elsewhere, as, for example, in France. Despite the substantial United States holdings of nonconvertible rupees in India, that program has been reduced almost by half. In other countries, carefully cultivated binational commitments have been severely undercut—to the point where the credibility as well as the future intentions of the United States are now in question. Ironically, the sharpest reductions in American professor lectureships are being suffered in the field of American studies. The modest but successful efforts of twenty years in the field of student and scholarly exchange are now jeopardized.

The effects of appropriations reductions in the field of technical cooperation are perhaps less immediately apparent, but will be very serious over the long term. Continuing and new programs in education will drop by about $20 million; in health activities (other than population) by about $10 million; and in agriculture by about $16 million. There is no budgetary provision at all for the Institutional Grants Program. Regional development efforts in Asia, Latin America, and East Asia must be sacrificed to maintain bilateral programs at even an approximation of the fiscal 1968 level. Cut-backs in these fields made necessary by reduced appropriations threaten investments already made.

The effects of these funding curtailments within the academic community are serious but probably secondary. More important, we believe, is the fact that reductions in these programs adversely affect the good faith and credit of the nation; jeopardize years of public investment in promoting mutual understanding between countries and in the development of human resources in areas of political and economic instability; and severely compromise channels of intellectual communication which have developed real promise of promoting international cooperation for peace.

Continued failure to fund the International Education Act of 1966, moreover, seems to us to tolerate the ignorance of our own people in respect to other cultures, particularly those of the non-Western world where some of man's gravest crises have already come to a

head. These are the areas, for example, where the population and food production crises are most acute, where multiple emerging nationalisms threaten the world's stability, where we are even now engaged in a major military commitment. We cannot afford a citizenry ill-informed and uninformed on the problems of approximately two-thirds of the world. The International Education Act of 1966 was conceived and authorized to meet this problem—by building our own domestic educational competencies and resources in world affairs. It should be funded promptly.

We urge not only a restoration of funding levels so sharply slashed this fiscal year but also an increase (including new funding for the International Education Act of 1966) to levels commensurate with the needs to be served.

HEALTH PROFESSIONS EDUCATION

Higher education's responsibility for developing personnel to meet the nation's health needs requires special attention.

Schools functioning at the graduate level to produce physicians, dentists, biomedical scientists, and advanced professionals in fields of health services administration typically demonstrate the inseparability of the three functions of higher education: teaching, research, and service (patient care). The demands on these institutions for better prepared and, more especially, increased numbers of these professionals, for a continuing quest through research for methods of preventing and curing disease, and for more effective and efficient methods of providing patient care are pressing. No area of higher education is under more severe strain—in terms of finance, of manpower, and of physical resources—and no area places so great a strain on the parent institutions involved. Because the problems of what may broadly be called "medical education" are unique, the Council believes that they should be approached by the Federal Government through programs separate and distinct from those addressed to the rest of higher education. We therefore endorse and support the programs advanced by the Association of American Medical Colleges, a constituent member of the American Council on Education.

Institutions of higher education involved in the development of allied health professionals at the undergraduate level are subject to

much the same pressures for greatly increased output and are also confronted by much the same lack of resources. Experience indicates that their problems also call for special treatment by the Congress, and the Council will support further legislative proposals seeking those objectives outlined in the Allied Health Professions Act scheduled to expire this year.

LIBRARY RESOURCES AND COMPUTER FACILITIES

Of critical importance to both the quality and the growth of higher education is provision for adequate library resources and of computer facilities. With the exponential growth of knowledge, the problem of research libraries is particularly acute. There are many issues, such as the use of copyrighted material in computers, that must still be resolved, if the possibilities of modern technology are to be realized. In the meantime, however, we strongly endorse the findings of the National Advisory Commission on Libraries, the programs of the American Library Association, and such new programs addressed to these problems as "Networks for Knowledge," enacted with broad bipartisan support by the Ninetieth Congress. We also urge continued study of how best to meet computer needs on our 2,000 campuses, for clear as those needs are, they could devour an inordinate proportion of the new resources likely to be available to higher education.

GENERAL INSTITUTIONAL SUPPORT

In the preceding pages we have indicated our belief that broad and full access to higher education for all who can benefit from it should be a matter of first consideration for the Federal Government. Greatly expanded programs of student aid and of facilities construction are essential ingredients as we strive toward this goal. In fact we believe the prime consideration of the Federal Government should be adequate funding of existing programs. They have been enacted because of the consensus within higher education, several Administrations, and the Congress that they have top priority.

Nevertheless, it is our conviction, shared by most national associations representing higher education, that adequate funding of all of the specific programs already written into legislation will not be sufficient. The cost of providing higher education has been rising and

will continue to rise at a rate that cannot be met by the traditional sources of support. Despite spectacular efforts by the states, despite large increments in private philanthropy, and despite drastically increased charges levied on students, the financial situation of our colleges and universities has steadily deteriorated.

We believe that, beyond adequate funding for existing programs, the principal unfinished business of the Federal Government in the field of higher education is the necessity to provide support for general institutional purposes. Associations representing higher education are virtually unanimous in their agreement on the need. The Government has a precedent, established in 1862 in the Morrill Act, of the efficacy of such an approach. The proposal seems to us an obvious and logical extension of the Federal investment in higher education.

In discussions of the institutional support, a number of objections have been raised. It has been argued that:

First, there can be no assurance that such a program would not direct funds into institutions of minimal quality.

Our response would be that no institution is deliberately offering education of inferior quality. Every institution aspires to be better than it is. In 1862, if guarantees of quality had been demanded in advance, we would not today have our great system of land-grant colleges.

Second, a formula approach to support higher education will tend to reward equally those institutions that have already achieved high quality and those that still, at best, aspire to it.

Our response would be that that is not necessarily a weakness. Those institutions that have proved their quality have access to support often denied weaker institutions. If "formula" support were to be the sole instrument by which higher education is aided, the inevitable result would be a leveling-down. But existing and (we hope) expanding project support which, by design, flows to institutions of quality, offers assurance against that eventuality.

On the other hand, all institutions aspire to be better than they are. Lack of funds is a chief deterrent to their being so. While regional accrediting procedures do not presume to identify high quality, they do assure a minimum standard of quality and a financial base sufficiently adequate to warrant the investment of public funds.

For these reasons, we recommend that the Government move to the enactment of new legislation that would provide general institutional support built on the following principles:

1. All regionally accredited institutions should be eligible for grants.

2. All such support should be based, at least in part, on a formula related to full-time equivalent enrollment. A large majority of institutions have a ready way of counting such enrollment. In instances where, because of a departure from traditional credit-hour measurement or the adoption of independent study programs, institutions cannot provide easily auditable head counts, provision should be made for the Commissioner of Education to approve institutional proposals regarding the basis for reporting such enrollment.

3. There should also be a factor in the formula that takes account of quality, over and above sheer numbers. Such a factor is important for purposes of recognizing and rewarding existing quality and of encouraging increased efforts on the part of institutions that at the moment simply aspire to it. A factor related to expenditures for instruction would be one way of measuring quality.

4. The formula for general support should also take into account that instructional costs vary according to the level of instruction. As a rough base, we suggest that a factor of one be applied to lower-division (freshman and sophomore) work and a factor of 1.5 or 2.0 for upper-division work, with perhaps an added factor for master's and first-professional level work.

5. For the next five to ten years the preponderant increase in enrollment is expected at the undergraduate level. It is here, therefore, that exponential increases in costs can be expected. For this reason, we recommend that the formula for institutional support be based largely on undergraduate enrollment, with the proviso that funds provided may be used to strengthen the total, rather than merely the undergraduate, educational program.

6. We recognize that the above recommendations seem to ignore the fact that in terms of percentage (not in numbers) graduate enrollment represents the fastest-growing segment of higher education and that it is the most expensive level of education.

Our recommendations are based on the proposition that we must start somewhere. For the immediately foreseeable future, we believe support of graduate education can be maintained through the expansion of research and fellowship programs, discussed earlier. The use of the formula approach, based on undergraduate and early graduate enrollment, can give us insight into and knowledge of how best, eventually, to move on to broader support of all graduate education.

A century ago responsibility for higher education might well have been regarded as a state or local concern. As we approach the end of the twentieth century, higher education has become a national asset and a national responsibility. Our college-trained population has become so mobile that no individual state or region can be assured that its investment in advanced education will provide commensurate returns.

We believe that the institutional grants program we propose can have the following immediate effects:

- It can provide a broad base of support for institutions of established quality to strive toward greater quality.
- It can provide a broad base of support for other approved institutions to strive toward the quality that inadequate previous resources have denied them.
- It can help institutions, public and private alike, to slow down the trend toward increased student fees—a trend that is in direct contradiction to all our efforts to provide broader access to higher education for all our young people.

We must naturally be concerned with the fears expressed that Federal funds may simply replace funds raised from non-Federal sources, and we must build safeguards to assure that this does not happen. But the history of Federal programs is reassuring:

- Federal funds appropriated for the support of land-grant colleges have greatly stimulated both state and private support of institutions founded under the Morrill Act.
- Federal funds appropriated for agriculture extension and research and for vocational education have been matched by non-Federal sources far in excess of legislative matching requirements.
- Privately sponsored student loan programs were virtually nonexistent prior to the enactment of the NDEA loan program. In the

ten years that have elapsed since its enactment, state and private programs have grown almost as rapidly as the Federal program.

• The enactment of the Federal Educational Opportunity Grants program has not driven non-Federal sponsorship of scholarships out of the market. On the contrary, it has focused both local and public and private attention on the need for, and has led to increased assistance from, state sources of support to deprived students.

It is our observation that when the Federal Government determines that a given area of activity warrants the investment of public funds, other non-Federal sources are quick to follow. We believe that the future strength of higher education and its ability to meet the demands the public is making on it require a strong and a stable commitment of support by the Government. It is this commitment the American Council on Education seeks in behalf of its entire membership.

FEDERAL ORGANIZATION FOR HIGHER EDUCATION

In the past few years, and particularly in recent months, lay and professional groups have called for the formation of a council within the Federal Government to focus attention on, and coordinate programs supporting, higher education. We endorse the concept that the creation of a coordinating council, assigned responsibility for all facets of higher education, is desirable. We believe that diversity of support from Federal, state, and private sources has contributed greatly to the development of higher education, but we believe equally that the time has come for some overview of the total activity, and that eventually there should be one place in Government where the broad concerns of higher education may be considered and where priorities among its activities may be weighed against each other.

This document presents the official views of the American Council on Education as determined by its Board of Directors at a meeting on January 27, 1969. The stated policies and proposals were developed by the Council's Commission on Federal Relations, which has primary responsibility in this area of concern.

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